

Chapter 9

Time and Billing

Objectives

After completing this chapter, you should know:

- What makes an expense Billable, not Billable, or Billed (page 267)
- How to add reimbursable Expenses, Items, and Time to *Invoices* (page 269)
- How to use two-sided Items to track reimbursable expenses (page 275)
- How to use two-sided Items to track subcontracted services (page 281)
- Activate Time Tracking (page 284)
- Pass Billable time onto an *Invoice* (page 287)
- Create reports to analyze timesheet data (page 291)

Restore this File

This chapter uses TimeBilling-12.QBW. To open this file, restore the TimeBilling-12.QBM file to your hard disk. See page 8 for instructions on restoring files. If you are using QuickBooks Premier Accountant, we recommend that you toggle to QuickBooks Premier General Business as described on page x.

This chapter covers billable expenses, including time tracking and *Two-Sided Items*. QuickBooks helps you track these expenses from when they occur through to billing the client.

Reimbursable (Billable) Expenses

QuickBooks allows you to pass expenses through to customers for reimbursement.

To track a reimbursable cost, you'll first need to record the expense. Enter a transaction such as a *Bill*, *Check* or *Credit Card Charge* to record the original expense, and then assign the Customer or Job to which the expense applies.

On expense transactions, the *Billable?* option indicates that the expense will be passed through to the *Customer* or *Job* (see Figure 9-1). In other words, this option indicates that the expense can be billed to the Customer when a sales form is created. This option only appears after you enter a name into the *Customer:Job* field in the *Expenses* (or *Items*) tab area of the expense transaction. Also, the *Billable?* option only appears if you code the transaction to one of the following account types:

- *Other Current Asset*
- *Expense*
- *Other Expense*

Expenses \$20.00		Items \$0.00			
Account	Amount	Memo	Customer:Job	Billable?	Class
66900 · Reimbursable Expenses	20.00	Document Delivery	Cruz, Maria:Branch Opening	<input checked="" type="checkbox"/>	Walnut Creek

Billable Expense

Figure 9-1 Billable Expense item

Note:

The *Billable?* option will NOT appear if you code the expense transaction to an *Income* or *Cost of Goods Sold* type account.

Tip:

If you need to use the pass-through process for *Cost of Goods Sold* transactions, you can create an *Item* that points to a *Cost of Goods Sold* account and then use that *Item* on the original transaction by clicking on the *Items* tab. This will allow you to pass the expense through to *Invoices*. See *Using Two-Sided Items* on page 275 for an example of using *Items* to track pass-throughs.

Sometimes you want to assign expenses to *Jobs* so you can track all of the related costs to the *Job*, but you do not intend to pass them through for reimbursement. In this case, you can uncheck the *Billable?* option so that the line item is “non-billable.”

COMPUTER PRACTICE

For simplicity, in this example, we’ll use an expense account called *Reimbursable Expenses* to hold the expenses until they are reimbursed. However, you may want to use an *Other Current Asset* type account to hold all of your reimbursable expenses. If you’re unsure about which account type to use for your reimbursable expenses, consult with your accountant.

Step 1. Select the **Write Checks** icon on the *Banking* section of the *Home* page.

Bank Account 10100 · Checking Ending Balance 11,420.00

No. 332 Date 02/03/2015

Pay to the Order of Express Delivery Service \$ 20.00

Twenty and 00/100*****Dollars

Address Express Delivery Service
P.O. Box
Sacramento

Memo Document Delivery

Expenses \$20.00 Items \$0.00 Online Payment To be printed

Account	Amount	Memo	Customer:Job	Billable?	Class
66900 · Reimbursable Expenses	20.00	Document Delivery	Cruz, Maria:Branch Opening	<input checked="" type="checkbox"/>	Walnut Creek

Clear Splits Recalculate Save & Close Save & New Clear

Figure 9-2 Record a reimbursable expense

Step 2. From the *Write Checks* window, enter the *Check* shown in Figure 9-2.

When you select the Branch Opening *Job* for Maria Cruz in the *Customer:Job* column of the *Expenses* tab, the *Billable?* option appears with the checkmark already selected.

Step 3. Click **Save & Close** to record.

The next time you create an *Invoice* for the customer, you can pass the cost through to the *Invoice* by following the next steps.

Step 4. Select the **Invoices** icon on the *Customer* section of the **Home** page.

Step 5. Enter **Cruz, Maria: Branch Opening** for the *Customer:Job* field.

Once the name is entered, the message in Figure 9-3 appears to prompt you to select the expenses that you designated as billable.

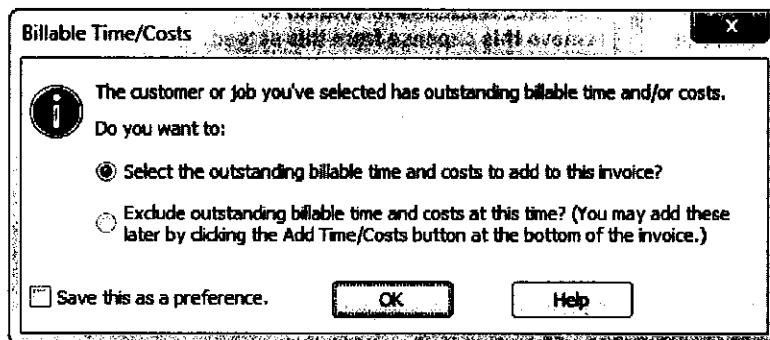


Figure 9-3 Billable Time/Costs option window

Step 6. Click **OK**.

Step 7. The *Choose Billable Time and Costs* window opens for Maria Cruz's Branch Opening *Job* (see Figure 9-4).

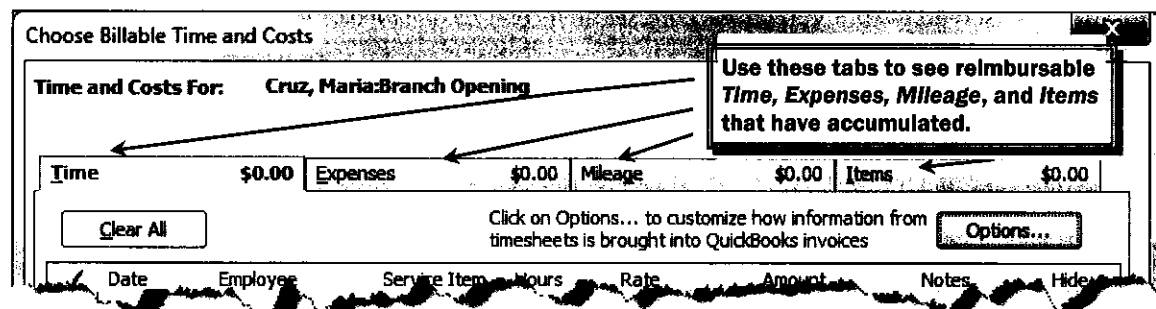


Figure 9-4 Top section of the Choose Billable Time and Costs screen

Step 8. The top section of the *Choose Billable Time and Costs* screen shows four tabs where you can view pass-through expenses. The *Expenses* tab will show the billable expenses (such as the check you just wrote) that were recorded using the *Expenses* tab on checks, bills, and credit card charges.

Step 9. Click the **Expenses** tab (see Figure 9-5).

Step 10. Verify that **20%** is entered in the *Markup Amount or %* field.

The *Markup* will increase the amount due by the *Customer* to cover the costs of processing this expense. You can either enter a static dollar amount or a percentage that will change depending on the amount. *Default Markup* can be set in the *Time & Expense Company Preference*.

Step 11. Enter **Expense Markup** in the *Markup Account* field.

- Step 12. In the middle section of the *Expenses* tab (see Figure 9-5), click a checkmark in the far left column on the line for **Express Delivery Service** to pass the expense, with the 20% markup, to Maria Cruz's *Invoice*.

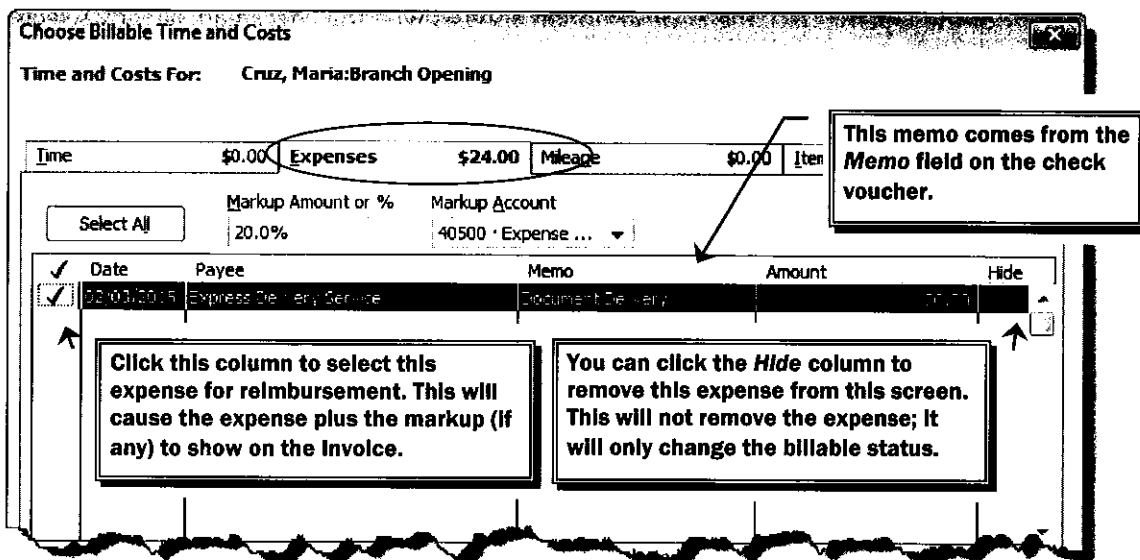


Figure 9-5 Middle section of the Choose Billable Time and Costs screen

- Step 13. Select the **Print selected time and costs as one invoice item** option (see Figure 9-6). Then click **OK**.

When you select this option, QuickBooks prints all reimbursable expenses on a single line in the body of the *Invoice* rather than listing each expense separately. You'll always see the *details* of the reimbursable expenses, including the markup, on the screen even if you chose *Print selected costs as one invoice item*.

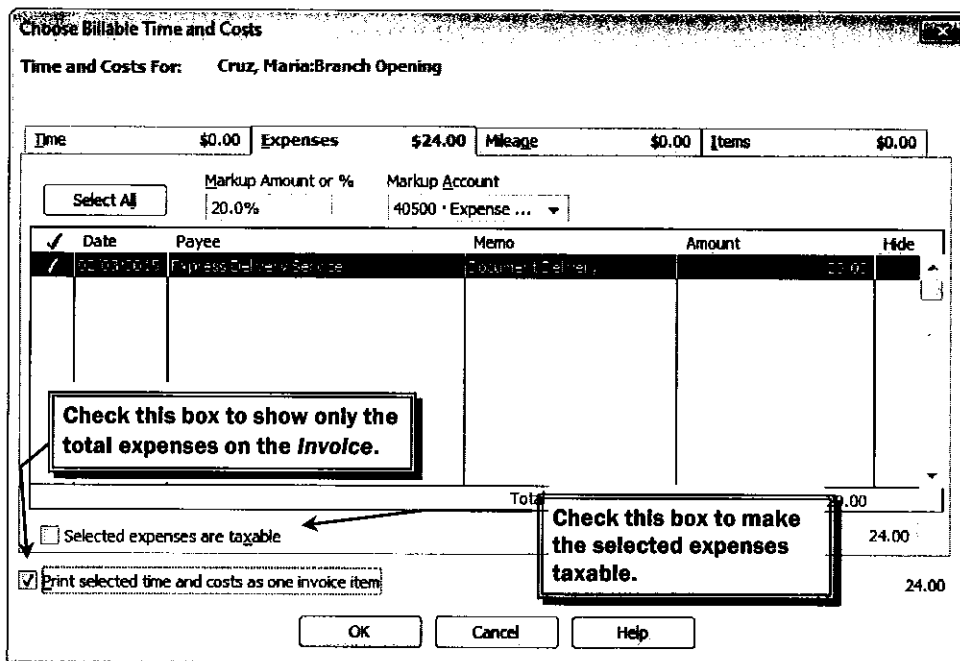


Figure 9-6 The Expenses tab of the Choose Billable Time and Costs screen

- Step 14. Once you are returned to the *Invoice*, enter the **Template**, **Class**, **Date**, and **Invoice #** as shown in Figure 9-7. The *Invoice* now includes the reimbursable expense.

- Step 15. To see what the *Invoice* will look like when you print it, click **Print**, and then click **Preview** (see Figure 9-8).
- Step 16. When you are finished reviewing, click **Close** in the *Print Preview* window, and click **Save & Close** to record the *Invoice*.

Invoice

Customer: Job
Cruz, Maria:Branch Opening

Template: Academy Photo Ser...
Date: 02/03/2015
Invoice #: 2015-106

Customer: Cruz, Maria:Branch Opening
Summary: 925-555-8344

Bill To:
Maria Cruz
123 First Street
Walnut Creek, CA 94596

Item	Quantity	Description	Rate	Amount	Class	Tax
Reimb Group						
		Document Delivery	20.00	20.00	Walnut Creek	Non
		Total Reimbursable Expenses		20.00		
		Markup	20.0%	4.00		Non
		Total Reimbursable Expenses		24.00		
		Tax Contra Costa (8.25%)		0.00		
		Total		24.00		

Customer Message: [Empty]

Unbilled time and expenses: 24.00

Recent Transactions: 01/15/15 Payment 1,950.00, 01/13/15 Invoice - Paid 880.00, 01/06/15 Invoice - Paid 500.00, 01/05/15 Invoice - Paid 570.00

Notes: [Empty]

Buttons: To be printed, To be e-mailed, Enable online payment, Add Time/Costs, Customer T, Memo Document Delivery, Learn more, Save & Close, Save & New, Clear

Figure 9-7 Reimbursable expenses shown on an Invoice

Academy Photography Time and Billing Chapter
123 Main Street
Pleasanton, CA 94566

Invoice

Date: 2/3/2015
Invoice #: 2015-106

Bill To:
Maria Cruz
123 First Street
Walnut Creek, CA 94596

Quantity	Description	Rate	Amount
	Total Reimbursable Expenses		24.00
	Contra Costa County Sales Tax	8.25%	0.00

Buttons: Print, Prev page, Next page, Zoom Out, Help, Close

Figure 9-8 Print Preview of invoiced billable expenses

The completed example of pass-through expenses shows on your Profit & Loss statement with the date range set for February 3rd, 2015 to February 3rd, 2015 so as to only include the transaction entered earlier in this chapter and as shown in Figure 9-9.

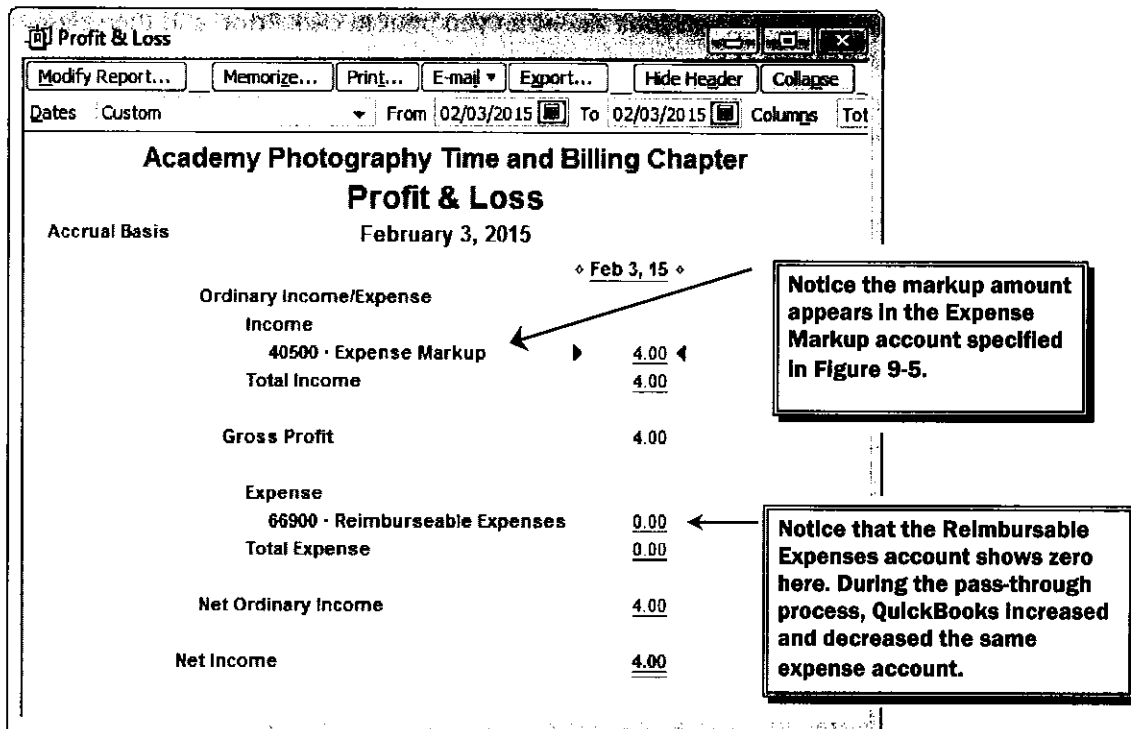


Figure 9-9 Reimbursable Expenses on the Profit & Loss report

The Accounting Behind the Scenes:

The *Reimbursable Expenses* account has a zero balance because QuickBooks increased (debited) the balance when you recorded the *Check* shown in Figure 9-2 and then decreased (credited) the account when you recorded the *Invoice* shown in Figure 9-7.

Sometimes it is more appropriate to track reimbursable expenses in one account and the reimbursements in another account. For example, you could record all reimbursable expenses in the expense account called "Reimbursable Expenses," and you could track the reimbursements in an income account called "Expenses Reimbursed." For QuickBooks to handle reimbursements in this way, you will need to make changes to your *Time & Expense Company Preferences*.

Note:

Ask your accountant if you should treat reimbursements as income before making these changes to your company's QuickBooks file.

COMPUTER PRACTICE

- Step 1. Select the **Edit** menu and choose **Preferences**.
- Step 2. Select **Time & Expense** on the left icon bar (you may have to scroll down on the left side of the *Preferences* window to access that selection).

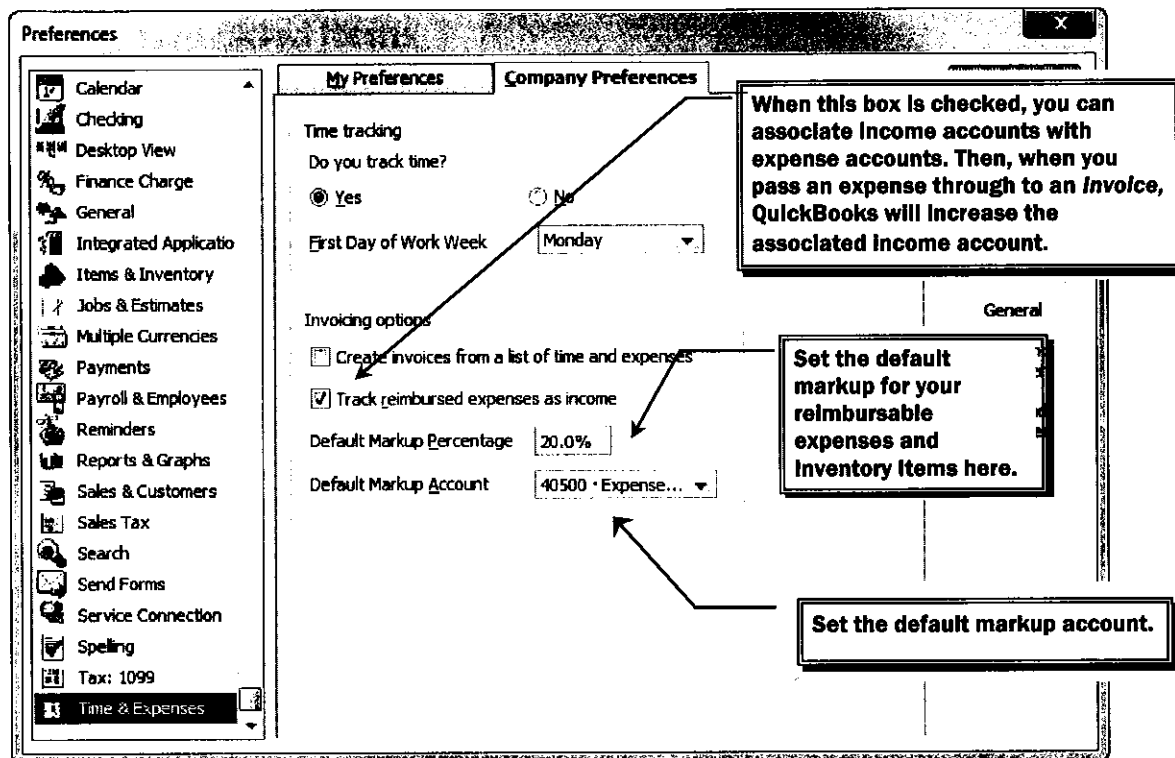


Figure 9-10 Time & Expense Company Preferences

- Step 3. Select the **Company Preferences** tab.
- Step 4. Notice that the box next to **Track reimbursed expenses as income** is checked.
- Step 5. Notice the **20%** in the *Default Markup Percentage* field is preselected.

This field sets the default markup percentage for pass-through expenses.

- Step 6. Notice that Expense Markup is selected as the *Default Markup Account*
- Step 7. Click **OK** to close the window.

Now you need to associate each reimbursable expense account with an appropriate income account. You should note that for each reimbursable expense account you create, you will need to create a separate income account. You cannot have multiple reimbursable expense accounts that tie to only one income account.

- Step 1. Display the *Chart of Accounts* list and select the **Reimbursable Expenses** account (See Figure 9-11).
- Step 2. Select the **Edit** menu and then select **Edit Account**, select the **Account** button at the bottom of the *Chart of Accounts* window and choose **Edit Account**, or press **Ctrl+E**.
- Step 3. Click **Track reimbursed expenses in Income Acct.** and then select the **Expenses Reimbursed** income account from the *Income Account* field drop-down menu.
- Step 4. Click **Save & Close** to save your changes. Close the *Chart of Accounts*.

Edit Account

Account Type: Expense Number: 66900

Account Name: Reimbursable Expenses

Optional Description: Reimbursable Expenses

Note: [How do I choose the right tax line?](#)

Tax-Line Mapping: <Unassigned>

☒ Track reimbursed expenses in Income Acct. 40700 - Expenses Re...

☐ Account is inactive

Save & Close Cancel

Figure 9-11 Edit the Reimbursable Expense account.

The Accounting Behind the Scenes:

Now when you post an expense to *Reimbursable Expenses* and pass the expense through on an *Invoice*, QuickBooks will increase the *Expenses Reimbursed* income account. From our previous example, the results would be as seen in Figure 9-12.

Important accounting consideration:

If you used an existing expense account in a closed accounting period (a period for which you have filed tax returns or prepared financial statements), do not select the **Track Reimbursed Expenses in Income Acct.** option on that account. Doing so will cause discrepancies between your QuickBooks reports and the company's tax returns and/or financial statements. Instead, create a new account for tracking reimbursable expenses and make the change to that account.

Profit & Loss

Academy Photography Time and Billing Chapter

February 3, 2015

Accrual Basis

Ordinary Income/Expense

Income	
40500 - Expense Markup	4.00
40700 - Expenses Reimbursed	20.00
Total Income	24.00
Gross Profit	24.00
Expense	
66900 - Reimbursable Expenses	20.00
Total Expense	20.00
Net Ordinary Income	4.00
Net Income	4.00

Figure 9-12 Profit & Loss report with separate income and expenses for reimbursable expenses

Using Two-Sided Items

QuickBooks allows you to use the same Item on expense forms (e.g., *Checks* and *Bills*) and sales forms (e.g., *Invoices* and *Sales Receipts*). When you use Items to track both expenses and revenue, you can generate reports showing the profitability of each Item.

Key Term: Two Sided Item – An Item used on both types of forms (expenses and sales) is commonly called a “Two-Sided Item” because the *Item setup* screen includes purchase information on the left side (expense account field) and sales information on the right (income account field).

Possible uses of two-sided Items include:

- **Reimbursable Expenses:** If you have numerous reimbursable expenses and you need detailed reports about those expenses (such as a report showing which expenses have or have not been reimbursed), or if you want the ability to summarize Billable costs on *Invoices* by category. To summarize by category, you can create two-sided *Other Charge Items* to designate categories of expenses (e.g., transportation, clerical, or material expenses). Use these Items on both expense transactions and sales forms as on described in the *Reimbursable (Billable) Expenses* section beginning on page 267.
- **Custom Ordered Parts:** If you sell custom-ordered parts, you might want to create two-sided *Non-Inventory Part Items* to track both the purchase and the sale of each part. Doing so will show you which of the sales were profitable, and by how much.
- **Subcontracted Labor:** If you hire subcontractors, you probably want to use two-sided *Service Items* to track both the expense and the revenue for the work they perform. Then, you can find out which subcontracted services are profitable, and by how much.
- **Cost of Goods Sold Postings:** As discussed earlier, if you use the *Expenses* tab on expense transactions (*Bills*, *Checks*, *Credit Card Charges*), you can only record a pass-through expense when you code the transaction to an *Other Current Asset*, *Expense*, or *Other Expense* account type. If *Cost of Goods Sold* (or another account type) is the appropriate choice for your reimbursements, create a two-sided item with Cost of Goods Sold in the *Expense Account* field.

Our first example of the use of two-sided Items is for tracking custom orders. This example also shows how Cost of Goods Sold postings can be passed-through.

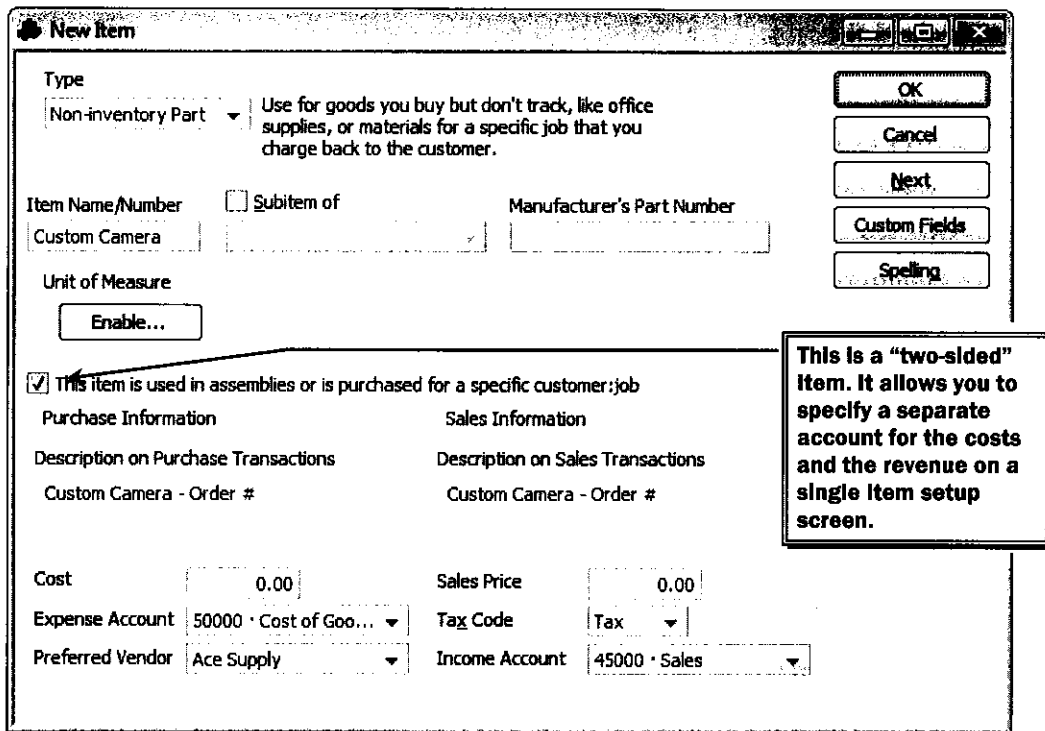
Tracking Custom Orders

If you sell products that you don't hold in inventory, you can use QuickBooks “two-sided Items” function to automatically track the revenue and costs for each Item.

COMPUTER PRACTICE

- Step 1. Open the *Item List* and select **New Item** from the *Item* menu (or use **Ctrl+N** to access the *New Item* window).
- Step 2. Choose **Non-inventory Part** and enter the **Custom Camera** Item as displayed in Figure 9-13. Make sure you select the checkbox next to *This item is used in assemblies or is purchased for a specific Customer:Job*.

When you select this option, QuickBooks provides the following additional fields: *Description on Purchase Transactions*, *Cost*, *Expense Account* and *Preferred Vendor*.



New Item

Type: **Non-inventory Part** (Use for goods you buy but don't track, like office supplies, or materials for a specific job that you charge back to the customer.)

Item Name/Number: **Custom Camera** (Subitem of:) (Manufacturer's Part Number:)

Unit of Measure: **Enable...**

☒ This item is used in assemblies or is purchased for a specific customer/job

Purchase Information (Sales Information)

Description on Purchase Transactions: **Custom Camera - Order #** (Description on Sales Transactions: **Custom Camera - Order #**)

Cost: **0.00** (Sales Price: **0.00**)

Expense Account: **50000 - Cost of Goods Sold** (Tax Code: **Tax**)

Preferred Vendor: **Ace Supply** (Income Account: **45000 - Sales**)

Buttons: **OK**, **Cancel**, **Next**, **Custom Fields**, **Spelling**

This is a "two-sided" item. It allows you to specify a separate account for the costs and the revenue on a single item setup screen.

Figure 9-13 A "two-sided" Non-inventory Part Item

The Accounting Behind the Scenes:

When you use a two-sided item on expense forms, QuickBooks increases (debits) the Expense account you enter in the *Expense Account* field. When you use a two-sided item on sales forms, QuickBooks increases (credits) the Income account you enter in the *Income Account* field.

Step 3. Notice that the *Cost* and *Sales Price* for this item are both **0.00**.

Custom-ordered parts will have a different cost and sales price every time you sell them. If you enter cost and sales price amounts in the original item, you'll need to override the numbers for each individual purchase or sale. For this reason, it's best to just leave them zero.

Step 4. Complete the fields as shown above, and click **OK** to close this window.

Tip:

Once you set up the *Custom Camera* Item, you can use the Item for all special orders of cameras, regardless of the make or model. You can override the description of the item each time you use it on a transaction.

After creating the two-sided *Non-Inventory Part*, you are now ready to use the Item on expense forms.

Step 1. Select the **Purchase Orders** icon on the *Vendors* section of the *Home* page, or choose **Create Purchase Orders** from the *Vendors* drop-down menu.

Step 2. Prepare a **Purchase Order** as shown in Figure 9-14.

Notice that QuickBooks uses the default description you entered when setting up the item. Add the number in the *P.O. No.* field to the end of this description. Choose **No** when asked whether you want to update the *Custom Camera* item with a new cost.

Purchase Order

Vendor: Ace Supply
435 Race Street, Suite 1
Hayward, CA 94555

Class: Walnut C...
Drop Ship To: Custom Purchase O...
Template: Print Preview

Date: 02/03/2015
P.O. No.: 2015-101
Ship To: Academy Photography
123 Main Street
Pleasanton, CA 94566

Item	Description	Qty	Rate	Customer	Amount
Custom Camera	Custom Camera - Order #2015-101	1	398.00		398.00
Total					398.00

Vendor Message:

Memo: Custom Camera - Order #2015-101

Buttons: ☒ To be printed ☐ To be e-mailed

The Memo field is very important. You'll use it to identify the contents of this PO when you link it to a Bill from the Vendor.

Figure 9-14 A Purchase Order for a two-sided Non-inventory Part

Tip:

Make sure you enter the description in the *Memo* field so that you'll be able to identify the *Purchase Order* in the list of *Open Purchase Orders* when you receive the *Bill*.

Tip:

Use the Windows copy and paste commands to duplicate the description to the *Memo* field at the bottom of the *Purchase Order* and other forms. To do so, highlight the completed description on the *PO* form and press **Ctrl+C**. Then click in the *Memo* field and press **Ctrl+V**.

Step 3. Click **Save & Close** to record the *Purchase Order*.

When you receive a bill from the Vendor, record it as follows:

- Step 1. Chose the **Enter Bills** icon on the **Vendor** section of the *Home* page, or choose **Enter Bills** from the *Vendor* drop-down menu.
- Step 2. On the Bill, enter **Ace Supply** in the *Vendor* field. Then press **Tab**.
- Step 3. Because there are open *Purchase Orders* for Ace Supply, QuickBooks displays the message shown in Figure 9-15. Click **Yes**.

Open POs Exist

Open purchase orders exist for this vendor. Do you want to receive against one or more of these orders?

Figure 9-15 Open POs exist message

- Step 4. Select PO #2015-101 by placing a checkmark in the column to the left of the date and click **OK**.
If you had several open *Purchase Orders* for this Vendor, each would appear in the list shown in Figure 9-16.

Open Purchase Orders

Vendor: Ace Supply

Select a Purchase Order to receive

	Date	PO No.	Memo
<input checked="" type="checkbox"/>	02/03/2015	2015-101	Custom Camera - Order #2015-101

OK
Cancel
Help

Figure 9-16 Select on open Purchase Order from the list

Step 5. QuickBooks automatically fills out the bill with the data from your *PO* as shown in Figure 9-17.

Continue filling out the rest of the fields on the Bill.

Enter Bills

Previous Next Save Find History Attach Pay bill

Bill Credit Bill Received

Vendor: Ace Supply Date: 02/03/2015

Address: Ace Supply, 435 Race Street, Suite 1, Hayward, CA 94555

Ref No. Amount Due: \$398.00

Terms: 2% 10 Net 30 Discount Date: 02/18/2015

Memo: Custom Camera

Expenses: \$0.00 Items: \$398.00

Item	Description	Qty	Cost	Amount	Customer:Job	Billable?	Class	PO No.
Custom Camera	Custom Camera - Order #2015-101	1	398.00	398.00	Cruz, Maria:Branch Opening	<input checked="" type="checkbox"/>	Walnut Creek	2015-101

Select PO Clear Q'tys Show PO Time

Clear Splits Recalculate Save & Close Save & New Clear

Don't forget to add the Customer:Job name here so that you can pass the cost on to the Customer.

Figure 9-17 QuickBooks automatically fills in the details of the Bill.

Step 6. Verify that **Cruz, Maria:Branch Opening Job** is in the *Customer:Job* column of the *Items* tab.

Step 7. Click **Save & Close** to record the *Bill*.

The Accounting Behind the Scenes

This *Bill* increases (credits) Accounts Payable and increases (debits) Cost of Goods Sold. Cost of Goods Sold is the account in the *Expense Account* field of the *Custom Camera* Item.

When you create an *Invoice* for this job, you can pass the cost of the *Custom Camera* Item through to the customer's *Invoice* and mark it up.

Step 1. Select the **Create Invoices** icon on the *Customer* section of the *Home* page. Use the **Academy Photo Service Invoice**.

Step 2. Enter **Cruz, Maria:Branch Opening** for the *Customer:Job* field.

Step 3. Click **OK** on the *Billable Time/Costs* reminder message.

- Step 4. The *Choose Billable Time and Costs* screen opens for Maria Cruz's Branch Opening Job. Choose the **Item** tab (see Figure 9-18).
- Step 5. Click the far left column on the first line to select the **Custom Camera** Item (see Figure 9-18). Then click **OK**.

Time and Costs For: Cruz, Maria:Branch Opening

Time \$0.00 Expenses \$0.00 Mileage \$0.00 Items \$398.00

Select All

Date	Item	Description	Qty	Rate	Amount	Hide
02/06/2015	Custom Camera	Custom Camera - Order #2015-101		398.00	398.00	<input checked="" type="checkbox"/>

Click here to select the Custom Camera Item.

☐ Print selected time and costs as one invoice item

Total billable time and costs 398.00

OK Cancel Help

Figure 9-18 Select the Custom Camera Item.

- Step 6. When you click **OK**, QuickBooks adds the Custom Camera Item to the customer's *Invoice*. Enter the *Invoice* information as seen in Figure 9-19.
- Step 7. Complete the description so it reads **Custom Camera Order #2015-101** and copy this information to the *Memo* field.

Previous Next Save Print Send Create Ship Find Spelling Help Customize

Customer: Job Cruz, Maria:Branch Opening Class: Walnut Creek, CA Template: Academy Photo Ser... Invoice # 2015-101 Date 02/06/2015

Invoice

To: Maria Cruz
123 First Street
Walnut Creek, CA 94596

Summary

Phone 925-555-8344
Email
Open balance 24.00
Credit limit 3,000.00
Active estimates 0
Sales Orders to be invoiced 0
Unbilled time and expenses: 398.00

Item	Qty	Description	Rate	Amount	Class	Tax
Custom Camera	1	Custom Camera - Order #2015-101	398.00	398.00	Walnut Creek	Tax

Customer Message: Tax Contra Costa (8.25%) 32.84
Total 430.84

To be printed ☒ To be e-mailed ☐ Add Time/Costs... Apply Credits... Payments Applied 0.00
Customer Tag Code Tax Balance Due 430.84
Memo Custom Camera - Order #2015-101
Enable online payment ☐ Learn more Save & Close... Save As New... Clear

Figure 9-19 The Custom Camera Item now shows in the Customer's Invoice.

Since the Custom Camera Item shown in Figure 9-13 doesn't include an amount in the *Sales Price* field, the item passes through at the cost amount recorded on the *Bill* shown in Figure 9-17, in this case \$398.00.

To record the markup you'll need to manually adjust the price that shows on the *invoice*. You can use the *QuickMath* function that allows you to do calculations without using your calculator. In this example, the Custom Camera cost was \$398. Using *QuickMath*, we'll mark this item up by 20%.

Step 8. Place the cursor in the **Rate** column on the *Invoice* (anywhere in this field).

Step 9. Press the * (asterisk) key on the keyboard to access the *QuickMath* multiplication function. Since your cursor was in the rate field when you pressed the asterisk, QuickBooks copies the first number (\$398) onto the adding machine tape (see Figure 9-20).

Step 10. Enter 1.2 (multiply by 120%) and press **Tab** to insert the adjusted (calculated) amount into the *Rate* column.

					2% 10 Net...	
Item	Quantity	Description		398.00	Amount	Class
Custom Camera	1	Custom Camera - Order #2011-10	*	1.20	398.00	Walnut ...
						Tax

Figure 9-20 The *QuickMath* adding machine tape

Note:

The asterisk (*) opens the *QuickMath* feature because QuickBooks recognizes the asterisk as a multiplication key. You can also access *QuickMath* by typing a plus (+), minus (-), or back slash (/) to add, subtract or divide by any number, respectively.

Step 11. The *Invoice* now includes the adjusted amount of **\$477.60** (see Figure 9-21). Press **Tab** again to have the *Amount* and *Balance Due* fields. You may receive a *Did you know...* window, which you can read and then click **OK**.

Step 12. Click **Save & Close** to save the *Invoice*.

Create Invoice

Customer: Job
Cruz, Maria: Branch Opening

Class
Walnut C...

Template
Academy Photo Ser...

Date
02/06/2015

Invoice #
2015-107

Bill To
Maria Cruz
123 First Street
Walnut Creek, CA 94596

P.O. No.
Terms
2% 10 Net...

Item	Quantity	Description	Rate	Amount	Class	Tax
Custom Camera	1	Custom Camera - Order #2015-101	477.60	477.60	Walnut Creek	Tax

Customer Message
Tax
Contra Costa (8.25%) 39.40

Total 517.00

Payments Applied 0.00
Balance Due 517.00

Memo
Custom Camera - Order #2015-101

Save & Close Save & New Clear

Customer: Transaction
Cruz, Maria: Branch Opening

Summary

Phone 925-555-8344
Email
Open balance 24.00
Credit Limit 3,000.00
Active estimates 0
Sales Orders to be invoiced 0
Unbilled time and expenses: 398.00

Recent Transactions

Date	Description	Amount
02/03/15	Invoice	24.00
01/15/15	Payment	1,950.00
01/13/15	Invoice - Paid	880.00
01/06/15	Invoice - Paid	500.00
01/05/15	Invoice - Paid	570.00

Notes

Figure 9-21 Final *Invoice* including the markup on the Custom Camera item

Using Service Items to Track Subcontracted Labor

If you hire subcontractors, you may want to create a two-sided *Service Item* for each subcontracted service. This will allow you to pass subcontractor costs through to *Invoices* and it will allow you to create reports showing the profitability of your subcontracted services.

COMPUTER PRACTICE

In this example, we'll use a two-sided Service Item for photographer services that are subcontracted to East Bay Photographers. The item is already set up.

- Step 1. Open the *Item List* and double-click the **Photographer** Item. This will open the *Edit Item* screen for this item (see Figure 9-22).

The screenshot shows the 'Edit Item' window for a 'Photographer' service item. The 'Type' is set to 'Service'. The 'Item Name/Number' is 'Photographer'. The 'Unit of Measure' is 'Enable...'. The checkbox 'Subitem of' is checked. The checkbox 'Item is inactive' is unchecked. The checkbox 'This service is used in assemblies or is performed by a subcontractor or partner' is checked. The 'Purchase Information' section includes 'Description on Purchase Transactions' (Photographer), 'Cost' (75.00), 'Expense Account' (53500 - Subcontract...), and 'Preferred Vendor'. The 'Sales Information' section includes 'Description on Sales Transactions' (Photographer), 'Sales Price' (125.00), 'Tag Code' (Non), and 'Income Account' (41000 - Services). Buttons for 'OK', 'Cancel', 'Custom Fields', and 'Spelling' are visible.

Figure 9-22 A "two-sided" Service Item for tracking subcontracted labor

- Step 2. Notice that the box entitled *This service is used in assemblies or is performed by a subcontractor or partner* is selected.

Just as in the last example, when this box is clicked, QuickBooks opens the other side of the item revealing fields for entering the *Description on Purchase (and Sales) Transactions*, *Cost*, *Expense Account*, *Preferred Vendor*, *Sales Price*, *Tax Code*, and *Income Account*.

- Step 3. Click **OK** to close the *Photographer* item.

When you receive a bill from, write a *Check* to, or enter credit charges for a subcontractor, use the *Photographer* Item to record the expense.

- Step 4. Select the **Enter Bills** icon on the *Vendors* section of the *Home* page.

- Step 5. Enter a Bill for **East Bay Photographers** as shown in Figure 9-23.

Select the *Items* tab to complete the form. The checkmark in the *Billable?* column to the right of the *Customer:Job* column indicates that each line of the *Bill* is billable (i.e., available for pass-through).

- Step 6. Click **Save & Close** to record the Bill.

Enter Bills

Previous Next Save Find History Attach Pay bill

☒ Bill ☐ Credit ☒ Bill Received

Bill

Vendor: East Bay Photographers Date: 02/10/2015

Address: East Bay Photographers
3456 W. Commercial Way
Pleasanton, CA 94588

Ref. No.: Amount Due: 1,575.00

Bill Due: 03/12/2015

Terms: 2% 10 Net 30 Discount Date: 02/20/2015

Memo:

Expenses		Items					
\$0.00		\$1,575.00					
Item	Description	Qty	Cost	Amount	Customer:Job	Billable?	Class
Photographer	Photographer	6	75.00	450.00	Cruz, Maria:Branch Opening	<input checked="" type="checkbox"/>	Walnut Creek
Photographer	Photographer	15	75.00	1,125.00	Mason, Bob	<input checked="" type="checkbox"/>	San Jose

Select PO Receive All Show PO Time

Clear Splits Recalculate Save & Close Save & New Clear

Figure 9-23 Enter a Bill for subcontracted services.

The next time you create an *Invoice* for Bob Mason or Maria Cruz's Branch Opening Job, the Photographer Service Item will show on the *Choose Billable Time and Costs* screen.

- Step 1. Select the **Create Invoices** icon on the *Customer* section of the *Home* page.
- Step 2. Enter **Cruz, Maria:Branch Opening** for the *Customer:Job* field.
- Step 3. Click **OK** on the *Billable Time/Costs* reminder message. The *Choose Billable Time and Costs* screen opens.
- Step 4. Click the *Items* tab. Figure 9-24 shows the *Photographer Service* Item you recorded on the bill shown in Figure 9-23. Notice that the *Rate* column shows \$125.00/hour, not the purchase price of \$75.00/hour. The \$125.00 amount comes from the *Sales Price* field on the Item setup screen (see Figure 9-22).

Choose Billable Time and Costs

Time and Costs For: Cruz, Maria:Branch Opening

Time	Expenses	Mileage	Items
\$0.00	\$0.00	\$0.00	\$750.00

Select All

✓	Date	Item	Description	Qty	Rate	Amount	Hide
<input checked="" type="checkbox"/>	02/10/2015	Photographer	Photographer	6	125.00	750.00	

Figure 9-24 The *Billable Time and Costs* screen shows the two-sided *Service* Item.

- Step 5. Click the far left column on the first line to select the *Photographer* Item (see Figure 9-24). Then click **OK**.

QuickBooks adds the Photographer Item in the body of the *Invoice* as shown in Figure 9-25.

Step 6. Once you are returned to the *Invoice*, verify that the **Template**, **Class**, **Date**, and **Invoice #** are the same as shown in Figure 9-25.

Step 7. Click **Save & Close** to record the *Invoice*.

Customer: Job
Cruz, Maria:Branch Open...

Class
Walnut C...

Template
Academy Photo Ser...

Date
02/10/2015

Invoice #
2015-108

Invoice

Bill To
Maria Cruz
123 First Street
Walnut Creek, CA 94596

Item	Quan...	Description	Rate	Amount	Class	Tax
Photographer	6	Photographer	125.00	750.00	Walnut Creek	Non

Customer Tax Code
Tax
Contra Costa (8.25%) 0.00

Total 750.00

Customer Message

Payments Applied 0.00

Balance Due 750.00

Memo 6 hrs Photographer

Learn more

Save & Close Save & New Clear

Customer Transaction
Cruz, Maria:Branch Opening

Summary

Phone 925-555-8344

Email

Open balance 541.00

Credit Limit 3,000.00

Active estimates 0

Sales Orders to be invoiced 0

Unbilled time and expenses: 750.00

Recent Transactions QuickReport

02/06/15 Invoice 517.00

02/03/15 Invoice 24.00

01/15/15 Payment 1,950.00

01/13/15 Invoice - Paid 880.00

01/06/15 Invoice - Paid 500.00

Notes Edit

Figure 9-25 The Invoice with the subcontracted service passed-through.

Another Way:

If you want to track subcontractors' time, you can record timesheets for each subcontractor (being sure to mark the transactions as *Billable*) just as you do with your employees. You can then pass the time information through to the *Invoice* instead of passing the expense from the *Bill*. In this case, when you later enter the Vendor name in the *Bill* or *Check* window, QuickBooks will prompt you to use the time you entered in the timesheet. If you choose to do so, the payment Item will populate with the Item you entered from the timesheets. This time will come through with a non-billable status which is correct. If you choose not to pass the time through to the payment, you should still enter the *Job* name on the *Bill*, but you should mark the expense not billable by unchecking the *Billable?* option.

Unbilled Costs by Job Report

Create an *Unbilled Cost by Job* report to view all of the billable expenses and *Items* that you haven't passed through to invoices.

COMPUTER PRACTICE

Step 1. Select the **Reports** menu, choose **Jobs, Time & Mileage**, and then choose **Unbilled Costs by Job**. Review this report.

Step 2. Close the report.

Academy Photography Time and Billing Chapter						
Unbilled Costs by Job						
All Transactions						
Type	Date	Source Name	Memo	Account	Billing Status	Amount
Mason, Bob						
Check	01/02/2015	Ace Supply	Specialized Film	66900 · Reimbursable Expenses	Unbilled	142.00
Bill	02/10/2015	East Bay Photographers	Photographer	53500 · Subcontracted Services	Unbilled	1,125.00
Total Mason, Bob						1,267.00
TOTAL						1,267.00

Figure 9-26 The Unbilled Costs by Job report

Billable Time

If you enter timesheet information into QuickBooks that includes a *Customer* or *Job* name, you can pass the time through to the Customer's *Invoice*. This example shows how to pass billable hours on timesheets through to *Invoices*.

The time tracking feature in QuickBooks is quite simple on the surface, but very powerful for streamlining businesses that pay hourly employees through QuickBooks Payroll, or for businesses that provide time-based services to customers. The time tracking feature requires QuickBooks Pro or above.

The time tracking feature allows you to track how much time each employee, owner, partner, or subcontractor spends working on each *Job*. In addition, you can track which service the person performs and to which *Job* and/or *Class* the time should apply. Then, once you record timesheet information, you can use it to calculate paychecks and create *Invoices* for the billable time.

When you use timesheets as the basis for paychecks and/or for invoicing, QuickBooks tracks everything required to create detailed job cost reports based on the timesheets.

Although the time tracking features in QuickBooks are quite powerful, there are also several "add-ons" (extra costs apply) to QuickBooks that provide even more features for time tracking, and their data can be synchronized with QuickBooks. For example, there are additional products that provide time clock integration, web-based time data entry, and even more flexible tracking features than you can find in QuickBooks. For a complete list of add-ons, go to <http://marketplace.intuit.com>, and search for time tracking.

Activating Time Tracking in QuickBooks

Before you can use the Time Tracking feature, you must activate Time Tracking in the *Company* tab of the *Time & Expense Preferences* window.

COMPUTER PRACTICE

To activate the Time Tracking feature, follow these steps:

- Step 1. Select the **Edit** menu and then select **Preferences**. Select the **Time & Expense** item on the left and click the *Company Preferences* tab (see Figure 9-27).

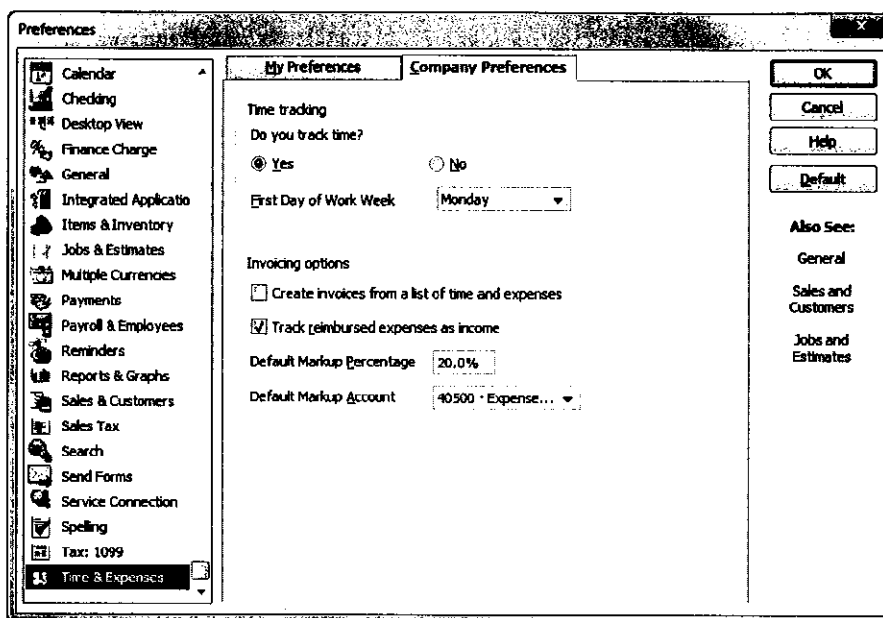


Figure 9-27 Time & Expense preferences

Step 2. Confirm that **Yes** in the *Do you Track Time?* section is already selected.

When working with your company's data file you will need to turn on Time Tracking by clicking **Yes** either on the window shown in Figure 9-27 or in the EasyStep Interview.

Step 3. Confirm that **Monday** is selected in the *First Day of Work Week* field. Monday is the first day that QuickBooks will display on the *Weekly Timesheet*

Step 4. Click **OK** to close Preferences.

Entering Time on Timesheets

To track your employees' time, you'll enter *activities* on timesheets.

An *activity* is the time spent by a single person performing a single service on a single date. For example, an attorney might enter an activity on the timesheet to record a phone conversation that she will bill to one of her clients. When an hourly employee performs a service for a customer you should include the *Customer* or *Job* name in the time activity. Each activity is recorded on a separate line of the timesheet, and you can mark each time activity as Billable if you wish to pass that activity through to a customer's *Invoice*.

A *Weekly Timesheet* is a record of several activities performed during a one-week period by a single employee, owner, or subcontractor. Enter *Weekly Timesheet* information using the *Weekly Timesheet* window.

COMPUTER PRACTICE

To enter time *activities*, follow these steps:

Step 1. Select the **Employees** menu, select **Enter Time**, and then select **Use Weekly Timesheet**.

Alternatively, you can click the **Enter Time** button in the *Employee Center*.

Step 2. Enter **Mike Mazuki** in the *Name* field.

Note:

If you need to enter the same activities for multiple employees, you can select *Multiple Names* from the *Name* field. This will open the *Select Employee, Vendor or Other Name* window, where you can check multiple names. Any activities listed in the *Weekly Timesheet*, including billable activities, will apply to each *Employee* or other you selected.

- Step 3. Click the **Calendar** icon and choose *January 12, 2015*.
- Step 4. Enter each activity on a separate line in the timesheet as shown in Figure 9-28. Be sure to select the *Kumar* job for *Anderson Wedding Planners* and the job for *Maria Cruz* in the *Customer:job* column.

Weekly Timesheet

Previous Next Print Edit Single Activity Let Your Employees Enter Time...

Name: Mike Mazuki

Week Of: Jan 12 to Jan 16, 2015

Customer:Job	Service Item	Payroll Item	Notes	M 12	Tu 13	W 14	Th 15	F 16	Sa 17	Su 18	Total	Bla...
Anderson Wedding Planners:Kumar, Sati ...	Indoor Photo Session	Hourly Regular	Staff Meeting	4:00	2:00						4:00	<input checked="" type="checkbox"/>
Mason, Bob	Outdoor Photo Session	Hourly Regular	Wedding Shoot	4:00		4:00	2:00	8:00			18:00	<input checked="" type="checkbox"/>
Cruz, Maria:Branch Opening	Outdoor Photo Session	Hourly Regular	Site Photo Shoot		6:00	4:00	6:00				16:00	<input checked="" type="checkbox"/>
Totals				8:00	8:00	8:00	8:00	8:00	0:00	0:00	40:00	

☒ Wrap text in Notes field

Copy Last Sheet

Save & Close Save & New Clear

Figure 9-28 Weekly timesheet for Mike Mazuki

- Step 5. Click **Save & Close** to record the timesheet activity.

Note:

If you plan to use timesheets to create Paychecks, you should record all of the time for each employee, including non-billable time (e.g., sick, vacation, and administrative time).

Printing Timesheets

In some companies, you may need to print several copies of your employees' timesheets for review by owners or managers.

COMPUTER PRACTICE

To print timesheets, follow these steps:

- Step 1. From the *File* menu, select **Print Forms** and then select **Timesheets**.

Dated 01/12/2015 thru 01/18/2015

✓	Name	Type	Hours
✓	Mike Mazuki	Employee	40.00

Activity notes: ☐ Print first line only. ☒ Print full activity notes.

Buttons: OK, Cancel, Help, Preview, Select All, Select None

Figure 9-29 Select Timesheets to Print window

- Step 2. Set the dates to **01/12/2015** through **01/18/2015** (see Figure 9-29).
- Step 3. Select **Print full activity notes** at the bottom of the window and then click **OK** (see Figure 9-29).
- Step 4. Click **Print** on the *Print Timesheets* window (see Figure 9-30).

Timesheet

Name: Mike Mazuki

Jan 12 to Jan 18, 2015

Customer:Job	Service Item	Payroll Item	Notes	M	Tu	W	Th	F	Sa	Su	Total	Bill*
Anderson Wedding Planners:Kumar, Sati and Naveen	Indoor Photo Session	Hourly Regular	Staff Meeting	4.00							4.00	N
		Hourly Regular	Wedding Shoot		2.00						2.00	B
Cruz, Maria:Branch Opening	Outdoor Photo Session	Hourly Regular	Site Photo Shoot		6.00	4.00	6.00				16.00	B
	Outdoor Photo Session	Hourly Regular	Site Photo Shoot	4.00		4.00	2.00	8.00			18.00	B
Totals				8.00	8.00	8.00	8.00	8.00	0.00	0.00	40.00	

Signature

Figure 9-30 Printed timesheet for Mike Mazuki

Invoicing Customers for Time

You can also pass timesheet information through to *Invoices*. When you mark time activities as “Billable,” QuickBooks allows you to transfer the time information onto the next *Invoice* for that Customer.

COMPUTER PRACTICE

To create an *Invoice* to a Customer, and pass the timesheet data onto the *Invoice*, follow these steps:

- Step 1. From the *Customer* menu, select **Create Invoices** or click **Create Invoices** on the *Home* page.
- Step 2. In the *Customer:Job* section select **Cruz, Maria:Branch Opening**.

- Step 3. QuickBooks displays the *Billable Time/Costs* window (see Figure 9-31). Click **OK** to continue.

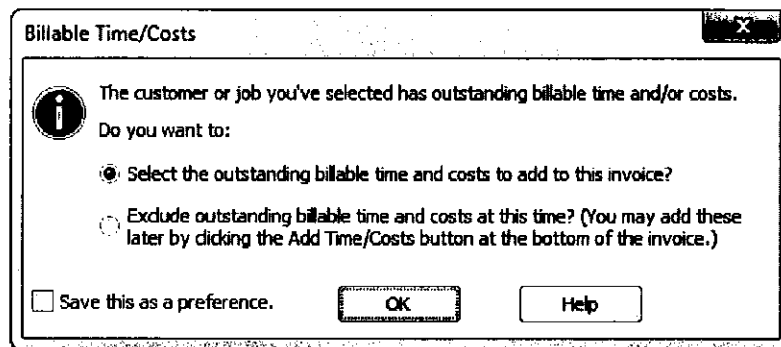


Figure 9-31 Billable Time/Cost window

- Step 4. If it is not already selected, click the **Time** tab in the *Choose Billable Time and Costs* window (Figure 9-32).

- Step 5. Click **Select All** to use all of the time activity for this Customer.

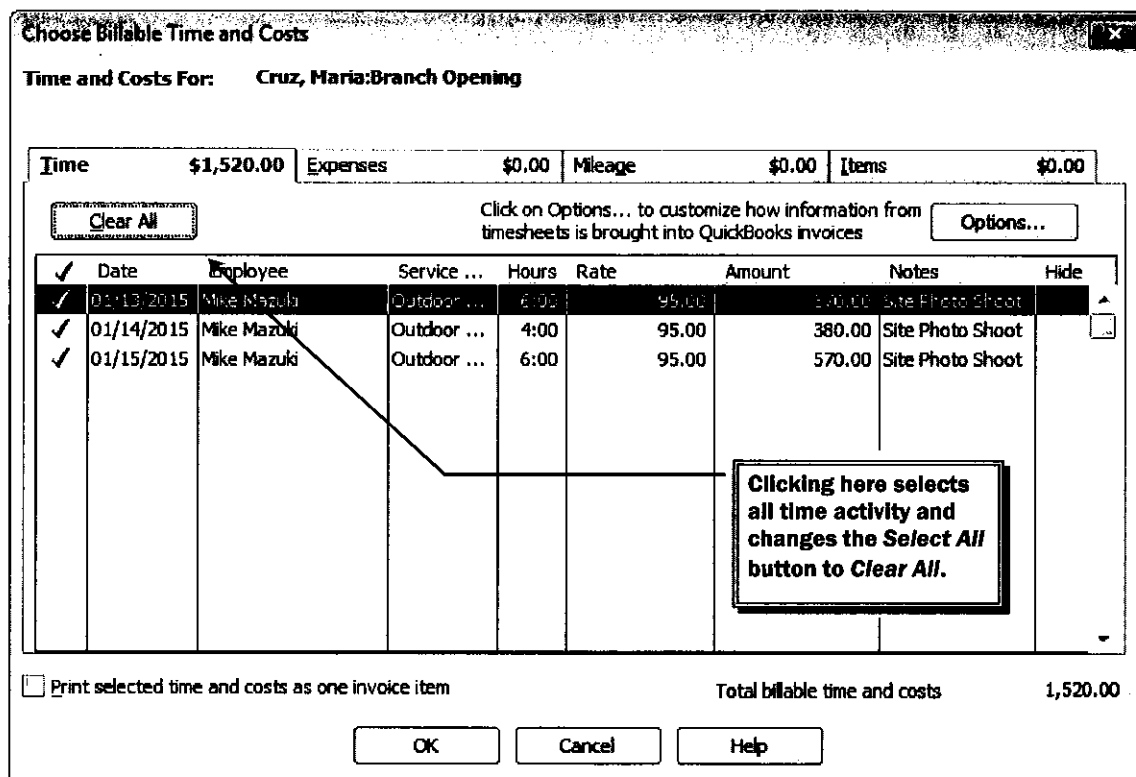


Figure 9-32 Billable time for Maria Cruz's Branch Opening job

- Step 6. Click **Options** to modify the way time activities are passed through to *Invoices*.

This window allows you to change the way time is transferred onto *Invoices*. The default setting is shown below, and you'll probably want to leave the setting alone. However, you can modify it to use either the information from the *Notes* field on the employee's timesheet or the information from the *Description* field of the Service Items. This information will show in the *Description* column of the completed *Invoice*. If you check **Combine activities with the same service item and rate**, your *Invoices* will not show any notes from individual time records.

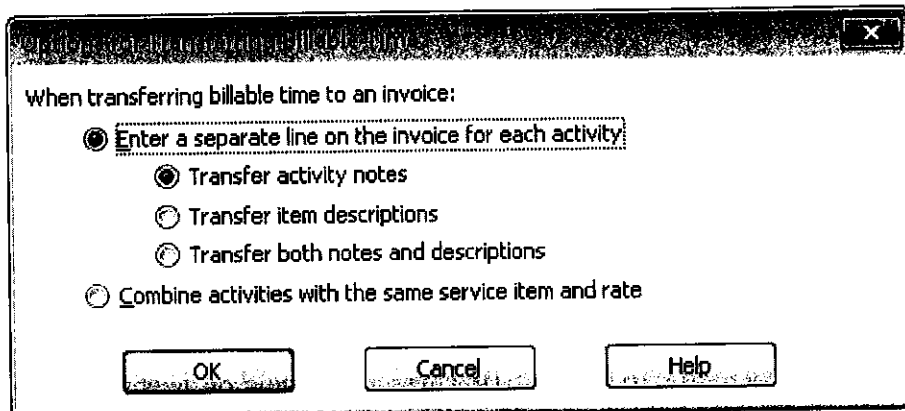


Figure 9-33 Options for Transferring Billable Time window

- Step 7. Leave *Enter a separate line on the invoice for each activity* and *Transfer activity notes* selected. Click **OK** to close the *Options for Transferring Billable Time* window. Click **OK** to close the *Choose Billable Time and Costs* window to transfer the time to the *Invoice*.
- Step 8. The *Invoice* now shows the time activity from Mike Mazuki's timesheets. Enter **Walnut Creek** in the *Class* field and 2/10/15 for the date so your *Invoice* matches Figure 9-34.

Customer: Job
Cruz, Maria: Branch Open...

Class
Walnut C...

Template
Academy Photo Ser...

Date
02/10/2015

Invoice #
2015-109

Customer
Cruz, Maria: Branch Opening

Summary

Phone
925-555-8344

Email

Open balance
1,291.00

Credit Limit
3,000.00

Active estimates
0

Sales Orders to be invoiced
0

Unbilled time and expenses:
1,520.00

Recent Transactions

02/10/15 Invoice
750.00

02/06/15 Invoice
517.00

02/03/15 Invoice
24.00

01/15/15 Payment
1,950.00

01/13/15 Invoice - Paid
880.00

Item	Qty...	Description	Rate	Amount	Class	Tax
Outdoor Photo Session	6	Site Photo Shoot	95.00	570.00		Non
Outdoor Photo Session	4	Site Photo Shoot	95.00	380.00		Non
Outdoor Photo Session	6	Site Photo Shoot	95.00	570.00		Non
Tax Contra Costa (8.25%)			0.00			
Total			1,520.00			

Customer Message

To be printed
To be e-mailed

Add Time/Costs...
Apply Credits...

Payments Applied
0.00

Balance Due
1,520.00

Customer Tax Code
Tax

Memo
Outdoor Photo Shoot Photographer

Enable online payment
Learn more

Save & Close
Save & New
Clear

Figure 9-34 Invoice with billable time passed through

Note:

After you post timesheet information to paychecks and *Invoices*, the timesheet will affect income (because of the *Invoice*), expenses (because of the paycheck), and job cost reports (because of the job information on both the paycheck and the *Invoice*).

- Step 9. Click **Save & Close** to record the *Invoice*.

Making Activities Billable Again

After you pass time (or *Items*) through to an *Invoice*, QuickBooks removes the check in the *Billable* column in the *Choose Billable Time and Costs* window and replaces it with a small gray *Invoice* icon. If you void or delete an *Invoice* that contains billable time or items, you'll need to go back to the original time activity and click the gray icon to make the time activity billable again.

Note:

When you transfer time activities onto an *Invoice*, QuickBooks changes the billable status of the time activities to "billed." However, if you void or delete the *Invoice*, QuickBooks **does not automatically** change the status backed to "unbilled."

Tip:

If you have billable time, cost, or *Item* activity that you wish to clear from your unbilled reports (e.g., Unbilled Costs by Job), you can pass the time through to an *Invoice*, save the *Invoice*, and then delete the *Invoice*. This method is much faster than editing each billable item, cost, or time activity individually.

COMPUTER PRACTICE

To make time activities billable again, edit each time activity as described in the following steps. Note that usually the *Invoice* would first be cancelled, but we will not do that for this example.

- Step 1. Select the *Employees* menu, select **Enter Time**, and then select **Use Weekly Timesheet**.
- Step 2. Enter **Mike Mazuki** in the *Name* field.
- Step 3. Click the **calendar icon** and choose **01/12/2015**

Because you already passed this time through to an *Invoice*, QuickBooks replaced the *Billable?* checkmark with an *Invoice* icon on the timesheet activity for Maria Cruz's Branch Opening job (see Figure 9-35).

Weekly Timesheet

Name: Mike Mazuki

Week Of: Jan 12 to Jan 18, 2015

Customer:Job	Service Item	Payroll Item	Notes	M 12	Tu 13	W 14	Th 15	F 16	Sa 17	Su 18	Total	Billable?
Anderson Wedding Planners:Kumar, Sab ...	Indoor Photo Session	Hourly Regular	Staff Meeting	4:00							4:00	✓
Cruz, Maria:Branch Opening	Outdoor Photo Session	Hourly Regular	Wedding Shoot		2:00						2:00	✓
Mason, Bob	Outdoor Photo Session	Hourly Regular	Site Photo Shoot		6:00	4:00	6:00				16:00	✓
	Outdoor Photo Session	Hourly Regular	Site Photo Shoot	4:00		4:00	2:00	8:00			18:00	✓
Totals				8:00	8:00	8:00	8:00	8:00	0:00	0:00	40:00	

☒ Wrap text in Notes field

Copy Last Sheet

Save & Close Save & New Revert

Figure 9-35 Timesheet for Mike Mazuki showing that the time for Maria Cruz's job has been billed

- Step 4. Click the *Invoice* icon in the *Billable* column to make the time activity for the Branch Opening job billable again.
- Step 5. Click **Yes** on *Billing Status* window shown in Figure 9-36.

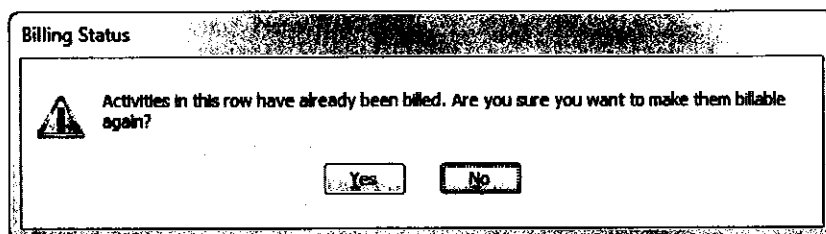


Figure 9-36 Billing Status window

Step 6. Click **Save & Close** on the *Weekly Timesheet* window to save your changes.

Time Reports

There are several reports that help you summarize and track time activities.

Time by Name Report

The *Time by Name Report* shows how many hours each employee, owner, or partner worked for each *Customer* or *Job*.

COMPUTER PRACTICE

To create the *Time by Name* report, follow these steps:

- Step 1. From the *Reports* menu, select **Jobs, Time & Mileage**, and then select **Time by Name**.
- Step 2. Set the date range for the report to **01/01/2015** through **01/31/2015**.

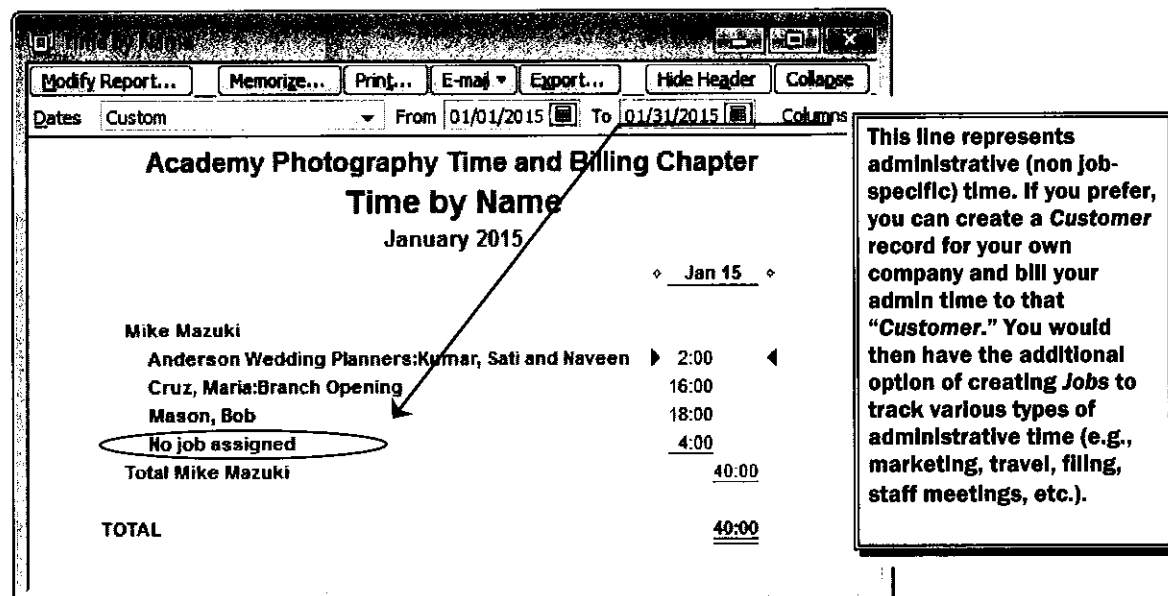


Figure 9-37 Time by Name report

- Step 3. Click the **Customize Report** button in the upper left corner of the *Time by Name* report window.
- Step 4. Click the checkbox next to the **Billed** and **Unbilled** options in the *Modify Report* window (see Figure 9-38). Click **OK**.

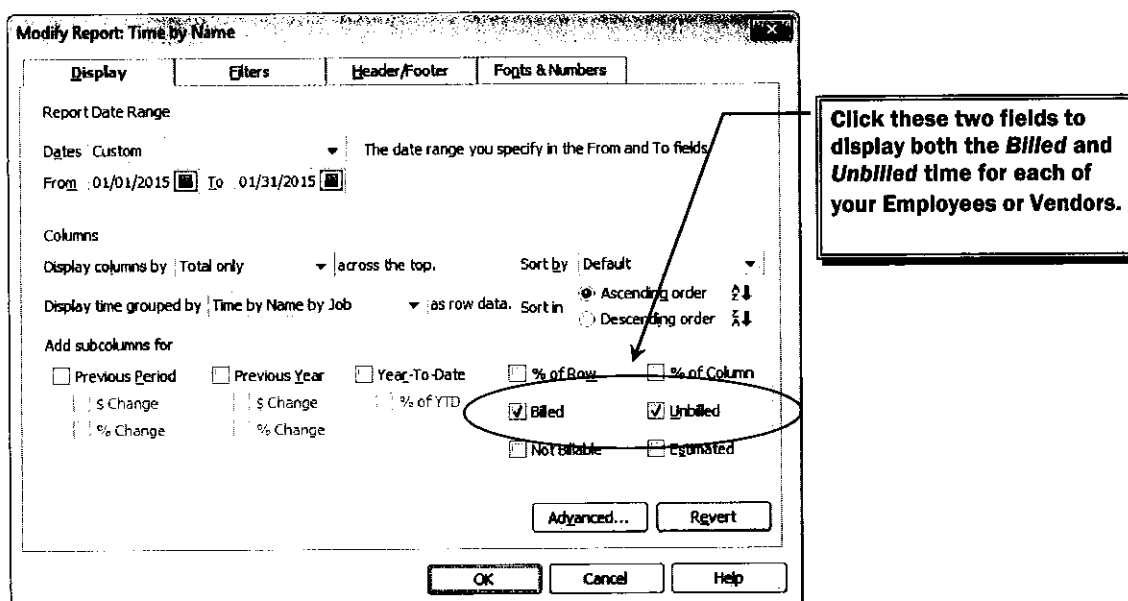


Figure 9-38 Modify the Time by Name report to include Billed and Unbilled columns.

Step 5. The Time by Name report now differentiates between the **Billed** and **Unbilled** time.

	Billed	Unbilled	Jan 15
Mike Mazuki			
Anderson Wedding Planners:Kumar, Sa...	0:00	2:00	2:00
Cruz, Maria:Branch Opening	0:00	16:00	16:00
Mason, Bob	0:00	18:00	18:00
No job assigned	0:00	0:00	4:00
Total Mike Mazuki	0:00	36:00	40:00
TOTAL	0:00	36:00	40:00

Figure 9-39 The customized Time by Name report

Step 6. Close the report. Do not memorize it.

Tracking an Owner's or Partner's Time

In some businesses, owners and partners do not receive paychecks, but they still need to track their time activity, record the labor costs to specific Jobs, and then pass the time through to their Customers' *Invoices*.

COMPUTER PRACTICE

To track an owner or partner's time for billing purposes, follow these steps:

Step 1. Display the *Other Names* list by selecting the **Lists** menu and then selecting **Other Names List**.

- Step 2. Select **New** from the **Other Names** menu at the bottom of the *Other Names List* window.
- Step 3. Create an *Other Name* record for Vern Black, the owner of Academy Photography as shown in Figure 9-40.

Name: Vern Black

Company Name: Academy Photography

Contact: Vern Black

Mr./Ms./...: Mr.

First Name: Vern

Last Name: Black

Name and Address: Academy Photography, Vern Black, 123 Main St., Pleasanton, CA 94588

Phone:

FAX:

Alt. Ph.:

Alt. Contact:

E-mail:

Account No.:

Buttons: OK, Cancel, Next, Help, Address Details

☐ Name is inactive

Figure 9-40 Other Name record for owner Vern Black

- Step 4. Click **OK** to save Vern Black's record, and then close the *Other Names* list.
- Step 5. Open the **Weekly Timesheet** window and enter the timesheet activity for Vern Black as shown in Figure 9-41.

Name: Vern Black

Week Of: Jan 12 to Jan 16, 2015

Customer:Job	Service It...	Notes	Class	M 12	Tu 13	W 14	Th 15	F 16	Sa 17	Su 18	Total	Billable?
Cruz, Maria:Branch Opening	Retouching	Admin Photo Retouching	Overhead Walnut Creek	3:00	2:00	8:00	9:00	12:00			34:00	<input checked="" type="checkbox"/>
				5:00	6:00						11:00	<input type="checkbox"/>
Totals				8:00	8:00	8:00	9:00	12:00	0:00	0:00	45:00	

Buttons: Previous, Next, Print, Edit Single Activity, Let Your Employees Enter Time...

Buttons: Copy Last Sheet, Save & Close, Save & New, Clear

☒ Wrap text in Notes field

Figure 9-41 Time activity for Vern Black

- Step 6. Click **Save & Close** to record the timesheet activity.
- Step 7. To pass this time through to an *Invoice* for the Customer, open the *Create Invoices* window and enter the **Maria Cruz's Branch Opening Job** in the *Customer:Job* field. Click **OK** in the *Billable Time/Costs* window.
- Step 8. If you need to, click the **Time** tab in the *Choose Billable Time and Costs* window (see Figure 9-42). Notice that QuickBooks shows the time for Vern Black as well as the timesheet activity for Mike Mazuki that you made billable again on the *Weekly Timesheet* window shown in Figure 9-35.
- Step 9. Click **Select All** and then click **OK** to transfer the timesheet information through to the Customer's *Invoice* (see Figure 9-42).

Choose Billable Time and Costs

Time and Costs For: **Cruz, Maria:Branch Opening**

Time **\$2,565.00** Expenses **\$0.00** Mileage **\$0.00** Items **\$0.00**

Click on Options... to customize how information from timesheets is brought into QuickBooks invoices

✓	Date	Employee	Service Item	Hours	Rate	Amount	Notes	Hide
✓	01/10/2015	Vern Black	Retouching	7:00	95.00	677.00	Photo Retouching	
✓	01/13/2015	Mike Mazuki	Outdoor Photo Session	6:00	95.00	570.00	Site Photo Shoot	
✓	01/13/2015	Vern Black	Retouching	6:00	95.00	570.00	Photo Retouching	
✓	01/14/2015	Mike Mazuki	Outdoor Photo Session	4:00	95.00	380.00	Site Photo Shoot	
✓	01/15/2015	Mike Mazuki	Outdoor Photo Session	6:00	95.00	570.00	Site Photo Shoot	

☐ Print selected time and costs as one invoice item

Total billable time and costs **2,565.00**

Figure 9-42 Billable Time and Costs window including owner's time

- Step 10. Enter the *Class* and *Date* information so that your *Invoice* matches Figure 9-43.
- Step 11. Click **Save & Close** to record the *Invoice*.
- Step 12. The *Recording Transaction* window displays that Maria Cruz is over her credit limit. Click **Yes**.

Create Invoices

Previous Next Save Print Send Create Ship Find Spelling History Customize

Customer: Job **Cruz, Maria:Branch Open...** Class **Walnut C...** Template **Academy Photo Ser...**

Date **02/10/2015** Invoice # **2015-110**

Invoice

Bill To
Maria Cruz
123 First Street
Walnut Creek, CA 94596

F.O. No. Terms
2% 10 Net...

Item	Qty...	Description	Rate	Amount	Class	Tax
Retouching	5	Photo Retouching	95.00	475.00	Walnut Creek	Non
Outdoor Photo Session	6	Site Photo Shoot	95.00	570.00	Walnut Creek	Non
Retouching	6	Photo Retouching	95.00	570.00	Walnut Creek	Non
Outdoor Photo Session	4	Site Photo Shoot	95.00	380.00		Non
Outdoor Photo Session	6	Site Photo Shoot	95.00	570.00		Non

Customer Message Tax **Contra Costa** (8.25%) 0.00

Total **2,565.00**

☐ To be printed ☐ To be e-mailed

☐ Enable online payment [Learn more](#)

Add Time/Costs... Apply Credits... Payments Applied 0.00 Balance Due 2,565.00

Customer Tax Code Tax

Memo **Outdoor Photo Shoot and Retouching**

Customer: Cruz, Maria:Branch Opening

Summary

Phone 925-555-8344
Email
Open balance 2,811.00
Credit Limit 3,000.00
Active estimates 0
Sales Orders to be invoiced 0
Unbilled time and expenses: 2,565.00

Recent Transactions

02/10/15 Invoice 1,520.00
02/10/15 Invoice 750.00
02/06/15 Invoice 517.00
02/03/15 Invoice 24.00
01/15/15 Payment 1,950.00

Notes

Figure 9-43 The Invoice now shows the time activity for Mike Mazuki and Vern Black.

Note:

You will not usually “pay” the owner for their time because owners generally take a “draw” (a check coded to Owner’s Drawing) instead of getting paid through Payroll. Therefore, the timesheet information for Vern Black will not get recorded as labor costs on Maria Cruz’s Branch Opening *Job*.

Review Questions

Select the best answer(s) for each of the following:

1. In QuickBooks you are allowed to pass through billable expenses to Customers:
 - a) Only if you paid by credit card.
 - b) If you paid by check or credit card, but you don’t assign the Customer or Job to the expense.
 - c) If you used a *Bill*, *Check*, or *Credit Card Charge* and assign the *Customer* or *Job* to which the expense applies.
 - d) None of the above.
2. Which account types CANNOT be used in the expense tab of a purchase transaction to make the expense *Billable*?
 - a) Cost of Goods Sold.
 - b) Expense.
 - c) Other Expense.
 - d) All the above.
3. If you want to assign expenses to a *Customer:Job*, but do not want to pass them through for reimbursement, do the following in a purchase transaction:
 - a) Do not assign the *Customer:Job*; just enter the information in the *Memo* field.
 - b) Assign the *Customer:Job*, and then click the checkbox in the *Billable* column to remove the checkmark.
 - c) Delete the *Invoice* icon.
 - d) a or b.
4. Which of the following tabs appear in the *Choose Billable Time and Costs* window:
 - a) Items.
 - b) Expenses.
 - c) Time.
 - d) All of the above.
5. In an *Invoice*, you can automatically markup the pass-through expenses using the *Markup Account* option. It is available in the *Choose Billable Time and Costs* window on:
 - a) Items tab.
 - b) Expenses tab.
 - c) Time tab.
 - d) All of the above.

Time and Billing Problem 1

APPLYING YOUR KNOWLEDGE

Restore the TimeBilling-12Problem1.QBM file.

1. Create the following two-sided *Other Charge* Item:

Field	Data
Item Type	Other Charge
Item Name	Freight & Delivery
Option Selected	This is used in assemblies or is a reimbursable charge
Description on Purchase	Freight and Delivery Charges
Description on Sales	Freight and Delivery Charges
Cost	\$20
Sale Price	\$45
Expense Account	Reimbursable Expenses
Tax Code	Non
Income Account	Services

Table 9-1 Details of the Other Charge Item

2. Create the following two-sided *Non-inventory Part* Item:

Field	Data
Item Type	Non-inventory Part
Item Name	Custom Lens
Option Selected	This item is used in assemblies or is purchased for a specific Customer:Job
Description on Purchase	Custom Lens Order #
Description on Sales	Custom Lens Order #
Cost	\$0
Sale Price	\$0
Expense Account	Cost of Goods Sold
Tax Code	Tax
Income Account	Sales

Table 9-2 Details of the Non-inventory Part Item

3. Create a *Purchase Order* by entering the following, Total: **\$2,080.00**:

Field	Data
Vendor	Ace Supply
Class	Walnut Creek

Date	4/1/15
P.O. No.	2015-101
Item	Custom Lens
Description	Custom Lens Order #2015-101
Qty	4
Rate	\$520
Customer	Cruz, Maria: Branch Opening
Memo	Custom Lens Order #2015-101

Table 9-3 Details of the Purchase Order

- A new partner, Clara Mercado, has joined Academy Photography. Open the **Other Names List** and add Clara Mercado to the list.
- Enter a **Bill** (Ref # A1234) on 4/5/2015 from **Ace Supply** after receiving the custom lens order. Use the **P.O. No. 2015-101**, **Customer/Job: Maria Cruz's Branch Opening**, **Class: Walnut Creek**, **Memo: Custom Lens Order #2015-101**. This Item expense is billable. Add freight charge of \$20.00 using the **Freight & Delivery** Item, **Customer/Job: Maria Cruz's Branch Opening** and **Class: Walnut Creek**. This Item expense is also *Billable*. Total: \$2,100.00.
- Print **Unbilled Costs by Job Report** for all transactions.
- Using the *Academy Photo Service Invoice*, create an **Invoice** on 4/5/2015 for **Maria Cruz's Branch Opening Job**, **Class: Walnut Creek**, **Invoice #: 2015-106**, **Description** and **Memo: Custom Lens order #2015-101**. Select all the open *Billable* Items for this *Job*. Use **QuickMath** to markup the Custom Lens Item by 20%. Total \$2,746.92. Print the **Invoice**.
- Use the *Weekly Timesheet* to record hours from the table below for Clara Mercado from 04/20/15 through 04/26/15.

Date	Day	Hrs	Customer/Job	Service	Notes	Class	Billable
4/20/15	Mon	8.0	Anderson Wedding Planners: Wilson, Sarah and Michael	Indoor Photo Session	Photo Shoot	Walnut Creek	Yes
4/21/15	Tues	8.0	Anderson Wedding Planners: Wilson, Sarah and Michael	Indoor Photo Session	Photo Shoot	Walnut Creek	Yes
4/22/15	Wed	8.0	Perez, Jerry	Outdoor Photo Session	Photo Shoot	Walnut Creek	Yes
4/23/15	Thurs	8.0			Admin	San Jose	No
4/24/15	Fri	8.0	Miranda's Corner	Indoor Photo Session	Product Photos	San Jose	Yes

Figure 9-44 Clara Mercado's time log

9. Create a *Sales Receipt* for Anderson Wedding Planners' Wilson Job.
- a) Include all of Clara Mercado's time, and post it to the *Sales Receipt*.
 - b) Class is **Walnut Creek**.
 - c) Date is **04/27/2015**.
 - d) Sale No. is **2015-101**.
 - e) Check No. is **10987**.
 - f) Payment Method is **Check**.
 - g) Add one (1) **Photographer** Item for **\$125.00** to the *Sales Receipt*.
 - h) *Sales Receipt* total is **\$1,645.00**.
10. Print the Profit and Loss by Job for April, 2015.